

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:544
ANSWERED ON:16.08.2007
BOARD OF DIRECTORS OF PSEs
Siddeswara Shri Gowdar Mallikarjunappa

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) the details of guidelines for appointment of Board of Directors of the Public Sector Enterprises (PSEs);
- (b) whether the Government has fixed any eligibility criterion of requisite academic and professional qualifications for holding such positions;
- (c) if so, the details thereof;
- (d) if not, the reasons therefor;
- (e) whether the Government proposes to fix such criterion for Government Directors;
- (f) if so, whether their presence undermines autonomy of the PSEs; and
- (g) the manner in which the Government assesses performance of the Government Directors on the Boards of PSEs?

Answer

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES(SHRI SONTOSH MOHAN DEV)

(a) : The Boards of Central Public Sector Enterprises (CPSEs) consist of Functional, Government and non-official Directors. The Functional Directors are appointed by the concerned Administrative Ministries/Departments on the basis of recommendations of Public Enterprises Selection Board (PESB) after obtaining the approval of competent authority. The choice of the Nominee Directors vests with the concerned Administrative Ministry/Department. The non-official Directors are appointed by the concerned Administrative Ministries/Departments on the basis of recommendations of Search Committee/PESB after obtaining the approval of competent authority.

(b) to (d) : In respect of Functional Directors, a standard formulation of educational qualification and experience has been laid down which takes into account the specific requirements of the particular board level post. The Government has laid down specific criteria in terms of educational qualification, age and experience for appointment of part-time non-official Directors on the Boards of CPSEs. In order to be eligible for appointment as non-official Director, a person should inter alia, have minimum educational qualification of graduate degree from a recognized university.

(e) & (f) : The Government Directors are generally officers who are dealing with the concerned CPSE. The association of Government officers with the Boards of CPSEs provides for a liaison role and a channel of communication between Government and the CPSEs.

(g) : The performance of the Government Directors is assessed by the Government through their annual confidential reports.